## MONTHLY REVENUE REPORT January 2002

The revenue collected from 12 of Michigan's major General Fund and School Aid Fund earmarked taxes totaled \$1.92 billion in January, which was down 8.0% from the year-ago level. This decline in tax collections in January more than offset the large increase in revenue posted in December. Revenue collections fell in January in the sales, use, single business, insurance, real estate transfer, and oil and gas severance taxes, as well as in the income tax withholding and quarterly payments. The only increases that occurred in January were in the tobacco tax, State education property tax, estate tax, and income tax annual payments. While the revenue collected from these major taxes is down 0.7% so far in FY 2001-02, compared with the year-ago level, the projected monthly breakdown of the FY 2001-02 consensus revenue estimates reveals that tax collections through January are fairly close to the monthly targets.

Gross income tax collections totaled \$826 million in January 2002, which was down 12.9% from the year-ago level. In December, gross income tax collections were up 4.1%. Gross income tax collections include the revenue collected from withholding, quarterly, and annual income tax payments, but do not include the amount given back to taxpayers in refunds. Income tax withholding payments totaled \$634 million in January and were down 10.8% from last year's level. Quarterly payments fell 21.1% in January to \$183 million. Annual payments totaled only \$10 million, but were up 50.8% from last year's level. On a fiscal year-to-date basis, gross income tax collections are down 4.4%.

Sales tax collections totaled \$562 million in January, which was down 3.7% from last year's level. This followed a 13.9% increase in December. Despite the decline in total sales tax collections in January, the sales tax collected from motor vehicle transactions posted a very strong increase of 22.3%. This marked the fourth consecutive month that sales tax collections from motor vehicle transactions have been very strong; however, the increase in January is lower than the increases posted in the previous three months (46.7% in October, 55.2% in November, and 36.2% in December). Sales tax collections from all other taxable transactions were down 7.1% in January after being up 11.4% in December. So far in FY 2001-02, sales tax collections are up 4.1%, largely due to the very strong level of motor vehicle sales.

Single business and insurance tax collections totaled \$246 million in January, representing a 7.5% decline from last year's level. A quarterly payment was due at the end of January and some of these payments are being received in the February collections; however, based on collections through the first part of February, collections in February will likely be even weaker than the January collections. On a fiscal year-to-date basis, single business and insurance tax collections are down 10.8%.

January tax collections for the other major taxes include estate tax collections, up 53.6%; State education property tax, up 1.4%; tobacco tax, up 3.0%; real estate transfer tax, down 42.2%; and oil and gas severance tax, down 53.5%.

The table on the back of this report identifies the major taxes included in this report, and provides their respective revenue levels and growth rates for January 2002, along with their fiscal year-to-date revenue collections and growth rates. Also presented are their respective consensus revenue estimates for FY 2001-02

Jay Wortley, Senior Economist



## MICHIGAN REVENUE UPDATE JANUARY 2002 (dollars in millions)

	_ January Collections_		FY 2001-02 to Date <sup>2)</sup>		FY 2001-02 Estimate <sup>3)</sup>		
		% Change		% Change		% Change	
Type of Revenue	Total <sup>1)</sup>	From Year Ago	Total <sup>1)</sup>	From Year Ago	Total <sup>1)</sup>	From Year Ago	
Income Tax							
Withholding	\$633.5	(10.8)%	\$1,755.4	(2.2)%	\$6,615.3	0.3%	
Quarterly Payments	182.9	(21.1)	232.2	(19.0)	777.8	(0.6)	
Annual Payments	9.8	50.8	22.8	8.6	688.8	(0.7)	
Gross Income Tax	\$826.2	(12.9)%	\$2,010.4	(4.4)%	\$8,081.9	0.1%	
Sales Tax	561.8	(3.7)	1,689.6	4.1	6,525.0	2.7	
Motor Vehicles	83.8	22.3	263.0	38.3			
All Other Sales Tax	478.0	(7.1)	1,426.6	(0.4)			
Use Tax	99.3	(8.0)	342.8	14.3	1,405.0	5.4	
Tobacco Tax	47.9	3.0	149.1	1.4	584.0	(2.0)	
Single Business & Insurance Taxes	246.0	(7.5)	527.4	(10.8)	2,112.7	(5.0)	
State Education Property Tax	94.5	1.4	281.6	9.1	1,548.0	3.9	
Real Estate Transfer Tax	13.3	(42.2)	58.3	(10.3)	251.0	(0.8)	
Estate/Inheritance Tax	25.8	53.6	43.2	0.0	127.0	(18.3)	
Oil & Gas Severance Tax	2.8	(52.5)	6.1	(60.6)	43.0	(28.5)	
Total	\$1,917.6	(8.0)%	\$5,108.5	(0.7)%	\$20,677.6	0.7%	
Addendum:							
Gross Lottery Sales 4)	\$124.2	(10.5)%	\$523.9	(3.0)%	\$1,557.9	(2.9)%	
Net Lottery to School Aid 4)	\$ 41.7	(11.6)%	\$191.2	(0.1)%	\$ 570.0	(2.9)%	

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2001-02 year-to-date collections begin with November 2001 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 15, 2002, Consensus Revenue Estimating Conference.
- 4) Lottery revenue is not accrued, so FY 2001-02 lottery revenue will include October 2001 to September 2002.

